

Fiscal Note

Fiscal Services Division



HF 392 – Plumbers Licensing Repeal (LSB 1260HV)

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Fiscal Note Version – New

Description

House File 392 makes several changes to the Iowa Board of Plumbing and Mechanical Systems, including but not limited to:

- Establishes license fees of \$50 each for an apprentice and journeyman's license and \$125 for a master license. Each additional license is one-half the cost of the initial master license (\$62.50).
- Changes the licensing period from two years to three years.
- Requires the Board to refund \$3.0 million to current licensees that have paid fees. The Board began accepting license fees in March of 2009.
- Requires all licensing Boards under Code Chapter 272C to submit a report to the General Assembly each fiscal year that includes a three-year balance sheet projection. If the projected revenue exceeds expense projections by more than 10.0%, the Board is required to reduce the fee schedules so that projected revenues are no more than 10.0% higher than projected expenses.

Background

Currently, licenses are issued by the Board on a biennial basis and the fees are as follows:

	Current		Proposed	
Apprenticeship	\$50	Biennial	\$50	Three-Year
Journeyman	\$100	Biennial	\$50	Three-Year
Master	\$250	Biennial	\$125	Three-Year

Also, if a licensee purchases more than one license at a time it is called a combined license. The fee for a combined license is the sum total of each of the separate license fees reduced by 30.0%. All fee revenue generated is retained by the Board to fund their operations.

Assumptions

- An estimated 13,600 licensees will renew their licenses in FY 2011 for total revenue of \$1.9 million. Approximately 50.0% of the licensees hold two to four licenses.
- The current carryforward from FY 2010 is \$4.4 million for a total balance of approximately \$6.4 million in FY 2011.
- An estimated 1,150 new licenses will be issued annually in FY 2011, FY 2012, and FY 2013 for additional revenue each year of \$88,000.
- The Board will issue \$3.0 million of refunds on a pro rata basis in FY 2011. The Board anticipates expenditures of \$360,400 to issue the refunds while current staff continues to process applications for new and renewed licenses.
- The Board will need 15 temporary FTEs for six months to issue approximately 16,000 refunds to current license holders. Office space rental, computers, and miscellaneous expenses are included in this estimate.
- The estimated annual budget for the Board is approximately \$1.3 million.

Fiscal Impact

There is no impact to the General Fund. The Board retains fees charged to licensees to fund its operations. The provisions of [HF 392](#) will decrease revenue to the Board and will result in an estimated shortfall of \$697,000 to the operating budget of the Iowa Board of Plumbers and Mechanical Systems by the time the next renewal is scheduled in March of 2013.

	Total Revenue	Projected Balance
FY 2011	\$ 6,387,160	\$ 1,726,760
FY 2012	\$ 1,814,662	\$ 514,662
FY 2013	\$ 602,564	\$ (697,436)

Source

Department of Public Health

/s/ Holly M. Lyons

March 7, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
